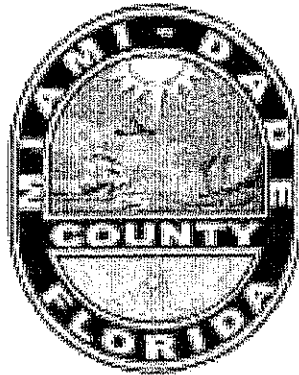


# **Miami-Dade County**

Stephen P. Clark Government Center  
111 N.W. 1st Street  
Miami, Fl. 33128



## **LEGISLATIVE ANALYSIS**

Thursday, February 12, 2004  
9:30 AM  
Commission Chambers

**Board of County Commissioners**

**Budget and Finance Committee**

## BUDGET & FINANCE ITEM 2(B)

February 12, 2004

### LEGISLATIVE ANALYSIS AND ECONOMIC IMPACT STATEMENT

*RESOLUTION DIRECTING COUNTY MANAGER TO INCLUDE IN ANY PROPOSED RESOLUTION OR OTHER REQUEST SUBMITTED TO THE COUNTY COMMISSION FOR APPROVAL OF A CONTRACT, LANGUAGE PROVIDING THAT THE RESOLUTION AND CONTRACT SHALL NOT BECOME EFFECTIVE UNTIL THE TIME FOR MAKING A MOTION TO RECONSIDER HAS EXPIRED AND, IF RECONSIDERED, SHALL BECOME EFFECTIVE ONLY UPON SUBSEQUENT APPROVAL OF THE COMMISSION; PROVIDING TIME LIMITATION; DIRECTING THE COUNTY MANAGER TO INCLUDE LANGUAGE IN CONTRACT SPECIFICATIONS TO LIKE EFFECT; AND PROVIDING A WAIVER*

Commissioner Jose "Pepe" Diaz

#### I. SUMMARY

This resolution requires that any proposed legislation to the Board of County Commissioners (BCC) for approval of a contract, once adopted, would be effective only after the time for making a motion to reconsider expires.

#### II. PRESENT SITUATION

Currently, a motion to reconsider can be made at the BCC meeting *following the BCC meeting at which the legislation is adopted* (generally two weeks or 14 days). However, the existing language in proposed resolutions, etc. provides that the legislation is effective ten (10) days after the date of its adoption (to allow time for a possible Mayor veto).

#### III. POLICY CHANGE AND IMPLICATION

In general, the time before a contract becomes effective will increase by four (4) days, which is not likely to have any effect on contract terms, but allows Commissioners to exercise their authority to request a motion to reconsider.

Because there are unforeseen circumstances that may delay a BCC meeting for a prolonged period of time, this resolution sets a maximum of sixty (60) days after adoption of the resolution. Thus, contracts would be effective after the next BCC meeting (14 days after adoption, in general) or 60 days, which ever comes first. In addition, the County Manager may recommend a waiver for a specific contract, when deemed to be in the best interest of the County.

#### IV. ECONOMIC IMPACT

None.

**BUDGET & FINANCE ITEM 2(B)**

**February 12, 2004**

**V. COMMENTS AND QUESTIONS**

Should this provision only apply to legislation pertaining to approval of a contract?

A motion to reconsider can only be made by someone in the prevailing party. This resolution makes no change as to the process of a motion to reconsider.

**LEGISLATIVE ANALYSIS AND ECONOMIC IMPACT STATEMENT**

***RESOLUTION RELATING TO THE PROPOSED INCORPORATION OF NEW MUNICIPALITIES; REQUIRING CHARTER MANDATED ELECTION TO BE FUNDED FROM COUNTYWIDE REVENUES***

Commissioner Joe A. Martinez

**I. SUMMARY**

This Resolution directs the County Manager to charge the cost of elections of potential Municipalities to the Countywide Budget and if the Municipality is successful in its creation to require the Municipality to reimburse the Countywide Budget.

**II. PRESENT SITUATION**

Elections for areas considering Incorporation are charged to the Elections Department operating budget.

**III. POLICY CHANGE AND IMPLICATION**

This resolution will make new municipalities to reimburse the County for the cost of running their election as a condition of incorporation.

**IV. ECONOMIC IMPACT**

This will reduce the demands on the Elections Department Operating Budget and has the possibility to be reimbursed if the new municipality is approved by voters.

**V. COMMENTS AND QUESTIONS**

None

**BUDGET & FINANCE ITEM 2(D)**

**February 12, 2004**

**LEGISLATIVE ANALYSIS AND ECONOMIC IMPACT STATEMENT**

*RESOLUTION SUBMITTING TO THE ELECTORS OF MIAMI-DADE COUNTY THE QUESTION OF WHETHER ARTICLES 3 AND 4 OF THE HOME RULE CHARTER SHOULD BE AMENDED TO PROVIDE FOR THE ELECTION AND RECALL OF THE COUNTY PROPERTY APPRAISER BY THE VOTERS OF MIAMI-DADE COUNTY, SAID QUESTION TO BE DECIDED AT THE PRIMARY ELECTION TO BE HELD ON AUGUST 31, 2004*

Commissioner Jimmy L. Morales

Commissioner Joe A. Martinez

Commissioner Rebeca Sosa

**I. SUMMARY**

This resolution calls for a ballot question on the August 31, 2004 primary election ballot to allow Miami-Dade County voters to decide whether the Home Rule Charter should be amended to require that the County Property Appraiser be *elected* by the voters and be *subject to recall* by the voters.

**II. PRESENT SITUATION**

Article 3, Section 3.04 of the Charter states that the Property Appraiser is appointed by the County Manager. The elected positions currently subject to recall by the voters are any members of the Board of County Commissioners and the Mayor.

**III. POLICY CHANGE AND IMPLICATION**

If this ballot question is approved by the voters, commencing with the general election to be held in **November 2006**, the Property Appraiser would be elected every four years by the voters of Miami-Dade County. The Property Appraiser would be elected on a non-partisan basis. No term limits are provided for in the proposed Charter amendment.

**IV. ECONOMIC IMPACT**

None. Elections are already scheduled on the specified dates.

**V. COMMENTS AND QUESTIONS**

According to the Florida Association of Property Appraisers, Inc., all 67 Florida counties, except Miami-Dade, elects (rather than appoints) its Property Appraiser. (Miami-Dade is also the only Florida County with an appointed Elections Supervisor.)

Would any powers of the Property Appraiser change, e.g. would the Property Appraiser still be subject to the same County Auditor oversight as other County departments?

## BUDGET & FINANCE ITEM 2(D)

February 12, 2004

The salary of elected county property appraisers is set by Florida Statute §145.10 based on population (see attached). The salary of Miami-Dade County's Property Appraiser is set by the County Manager and is currently \$160,291. If elected, the salary would be set by the State based on Miami-Dade County's population of approx. 2.3 million.<sup>1</sup> For comparison, the elected Broward County Property Appraiser receives a salary of \$148,537. Broward County's population is approx. 1.7 million.<sup>2</sup>

Several issues regarding *appointed* versus *elected* officials have been raised in the media.<sup>3</sup>

Proponents of *electing* positions have argued that:

- Elected officials are able to operate more efficiently because they have more autonomy and are more citizen-oriented.
- Appointed officials work to please superiors in order to protect his/her job.

Proponents of *appointing* positions argue that:

- Appointed officials are more appropriate when job duties are administrative, technical and ministerial in nature, not legislative, and require specific education, training, experience and technical expertise which are unrelated to an ability to win endorsements, campaign contributions and elections
- Elected officials have greater independence, which can lead to mismanagement or overspending which could be addressed sooner with an appointed official that has greater accountability to superiors (e.g. an appointed position is "easier to get rid of").

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<sup>1</sup> 2000 U.S. Census <http://quickfacts.census.gov/qfd/states/12/12025.html>

<sup>2</sup> 2000 U.S. Census <http://quickfacts.census.gov/qfd/states/12/12011.html>

<sup>3</sup> From various Florida Newspaper publications, including The Tampa Tribune, The Sun-Sentinel, The Miami Herald, and The Orlando Sentinel.

Select Year: 2003

**The 2003 Florida Statutes**

Title XI  
COUNTY ORGANIZATION AND  
INTERGOVERNMENTAL RELATIONS

Chapter 145  
COMPENSATION OF COUNTY  
OFFICIALS

[View Entire  
Chapter](#)

**145.10 Property appraiser.--**

(1) Each property appraiser shall receive as salary the amount indicated, based on the population of his or her county. In addition, a compensation shall be made for population increments over the minimum for each population group, which shall be determined by multiplying the population in excess of the minimum for the group times the group rate.

Pop. Group	County Pop. Range		Base Salary	Group Rate
	Minimum	Maximum		
I	-0-	49,999	\$21,250	\$0.07875
II	50,000	99,999	24,400	0.06300
III	100,000	199,999	27,550	0.02625
IV	200,000	399,999	30,175	0.01575
V	400,000	999,999	33,325	0.00525
VI	1,000,000		36,475	0.00400

(2)(a) There shall be an additional \$2,000 per year special qualification salary for each property appraiser who has met the requirements of the Department of Revenue and has been designated a certified Florida property appraiser. Any property appraiser who is certified during a calendar year shall receive in that year a pro rata share of the special qualification salary based on the remaining period of the year. The department shall establish and maintain a certified Florida property appraiser program.

(b) In order to qualify for the special qualification salary described in paragraph (a), the property appraiser must complete the requirements established by the Department of Revenue within 4 years after first taking office.

(c) After a property appraiser meets the requirements of paragraph (a), in order to remain certified the property appraiser shall thereafter be required to complete each year a course of continuing education as prescribed by the department. The executive director of the Department of Revenue may, at his or her discretion, waive the requirements of this paragraph for any property appraiser who has reached 60 years of age and who has been a property appraiser for 20 years.

**History.**--s. 1, ch. 61-461; s. 1, ch. 63-560; s. 1, ch. 65-356; s. 3, ch. 67-543; s. 2, ch. 67-576; s. 1, ch. 67-594; s. 5, ch. 69-346; s. 15, ch. 73-172; s. 8, ch. 73-173; s. 1, ch. 77-102; ss. 7, 14, ch. 80-377; s. 3, ch. 85-322; s. 62, ch. 86-152; s. 3, ch. 88-175; s. 1, ch. 89-72; s. 857, ch. 95-147.

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**BUDGET & FINANCE ITEMS 3(A) and 3(B)**

**February 12, 2004**

**LEGISLATIVE ANALYSIS AND ECONOMIC IMPACT STATEMENT**

ITEM 3A

RESOLUTION AUTHORIZING ISSUANCE OF NOT TO EXCEED \$50,000,000 MIAMI DADE COUNTY, FLORIDA CAPITAL ASSET ACQUISITION SPECIAL OBLIGATION BONDS, SERIES 2004A, TO BE PAYABLE SOLELY FROM LEGALLY AVAILABLE NON-AD VALOREM REVENUES THAT COUNTY COVENANTS TO BUDGET AND APPROPRIATE ANNUALLY; PROVIDING THAT PROCEEDS FROM SUCH BONDS SHALL BE USED TO FINANCE CERTAIN AUTHORIZED CAPITAL ASSET ACQUISITIONS, PAYING COSTS OF CREDIT FACILITIES, FUNDING RESERVE ACCOUNT AND PAYING COSTS OF ISSUANCE; DELEGATING TO FINANCE DIRECTOR, AS DESIGNEE OF COUNTY MANAGER, WITHIN CERTAIN LIMITATIONS AND RESTRICTIONS, AUTHORITY TO FINALIZE TERMS AND OTHER PROVISIONS OF BONDS, INCLUDING INITIAL INTEREST RATE AND INTEREST RATE METHODOLOGY, DATES, MATURITIES, SINKING FUND INSTALLMENTS AND REDEMPTION PROVISIONS, PRINCIPAL AMOUNTS, AND OTHER DETAILS OF BONDS, TO DESIGNATE PAYING AGENT, REGISTRAR AND CALCULATION AGENT, AND TO NEGOTIATE AND OBTAIN CREDIT FACILITIES AND RESERVE ACCOUNT CREDIT FACILITIES, IF ADVISABLE, CERTAIN HEDGE AGREEMENTS, SWAP INSURANCE AGREEMENTS AND ANY RELATED AGREEMENTS; CREATING CERTAIN ACCOUNTS FOR SUCH BONDS AND SETTING FORTH RIGHTS AND REMEDIES OF BONDHOLDERS; PROVIDING FOR BOOK-ENTRY-ONLY SYSTEM; AUTHORIZING NEGOTIATED SALE AND AWARD BY FINANCE DIRECTOR OF BONDS TO UNDERWRITERS AS SET FORTH IN BOND PURCHASE AGREEMENT; APPROVING FORM OF AND AUTHORIZING EXECUTION AND DELIVERY OF BOND PURCHASE AGREEMENT AND CERTAIN OTHER AGREEMENTS IN CONNECTION WITH DELIVERY OF BONDS; APPROVING FORM OF BONDS; APPROVING FORM OF AND AUTHORIZING DISTRIBUTION OF PRELIMINARY OFFICIAL STATEMENT AND FINAL OFFICIAL STATEMENT; PROVIDING FOR CONTINUING DISCLOSURE; AUTHORIZING COUNTY OFFICIALS TO DO ALL THINGS DEEMED NECESSARY IN CONNECTION WITH ISSUANCE SALE, EXECUTION AND DELIVERY OF BONDS; AND PROVIDING FOR SEVERABILITY

ITEM 3B

ORDINANCE AUTHORIZING ISSUANCE OF NOT TO EXCEED \$200,000,000 IN ONE OR MORE SERIES OF MIAMI-DADE COUNTY SPECIAL OBLIGATION BONDS FOR PURPOSE OF ACQUIRING CERTAIN CAPITAL ASSETS; AUTHORIZING INTEREST RATE SWAP TRANSACTIONS, HEDGING ARRANGEMENTS, AND OTHER DERIVATIVE PRODUCTS ASSOCIATED WITH SUCH BONDS; PROVIDING THAT DETAILS OF EACH SERIES AND EACH DERIVATIVE PRODUCT, IF ANY, SHALL BE DETERMINED BY SUBSEQUENT RESOLUTION; PROVIDING FOR SEVERABILITY AND EFFECTIVE DATE [SEE AGENDA ITEM NO. 3A]

Finance Department



## **BUDGET & FINANCE ITEMS 3(A) and 3(B)**

**February 12, 2004**

### **I. SUMMARY**

#### Item 3(A)

This ordinance authorizes the issuance of *Capital Asset Acquisition Bonds, Series 2004A* as described below. It further requires that all bond-related details for each series of the Bonds be established in a series resolution to be approved by the Board.

#### Item 3(B)

This resolution authorizes issuance and negotiated sale of Capital Asset Acquisition Special Obligation Bonds, Series 2004A (the "Bonds") in one or more series not to exceed \$50,000,000 for the purposes of:

- (1) paying or reimbursing the County for the costs of certain capital asset acquisitions of the County (see Exhibit A attached)
- (2) paying the cost of a reserve fund
- (3) paying the costs of issuance of the Bonds

This resolution also delegates to the officers of the County and the Finance Director, as the County Manager's designee, the authority to all necessary actions in connection with this issuance, including the determination of various terms of the Bonds within the limitations in this resolution. In addition, this resolution approves the list of capital assets to be acquired (Exhibit A), the use and delivery of the Preliminary Official Statement and use and delivery of the Final Official Statement (beginning on handwritten page 194 and 123 of the resolution, respectively) and authorizes the County to enter into hedge agreements, such as interest rate swaps, with the Bonds.

### **II. PRESENT SITUATION**

Based on the structure and timing of this Bond issue and to market the Bonds when market conditions are most favorable, the County's financial advisors recommended that a negotiated sale, rather than a competitive bid, be utilized for this bond issue.

### **III. POLICY CHANGE AND IMPLICATION**

None.

### **IV. ECONOMIC IMPACT**

The Bonds are anticipated to be issued as fixed rate and/or variable interest rate bonds in an amount not to exceed \$50,000,000 with maturity dates not to exceed 40 years. The Bonds will be payable from legally available non-ad valorem revenues of the County as budgeted and appropriated annually, or from revenues otherwise available from authorized funds and reserves of the benefiting entities.

### **V. COMMENTS AND QUESTIONS**

There will be no impact on the debt millage because these bonds are not backed by property taxes. If this bond issue is not approved, alternative funding sources will have to be identified for the projects in Exhibit A.

EXHIBIT "A"  
PROPOSED EQUIPMENT FINANCING

EQUIPMENT - F.Y. 2003-2004

<u>Description</u>	<u>Estimated Project Amount</u>
Air Rescue Helicopter	\$7,700,000
Correction Department - Fire System Improvements	8,000,000
ITD	4,000,000
ITD - Regatta	5,200,000
MLK Building	4,000,000
Fire Department - Fleet Replacement	8,000,000
97 <sup>th</sup> Ave. Bridge Flyover	<u>8,000,000</u>
ESTIMATED PROJECT COST	<u>\$44,900,000 (*)</u>

(\*) Amount is not inclusive of financing costs.

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**BUDGET & FINANCE ITEM 3(F)**

**February 12, 2004**

**LEGISLATIVE ANALYSIS AND ECONOMIC IMPACT STATEMENT**

*RESOLUTION AUTHORIZING ISSUANCE OF MIAMI-DADE COUNTY, FLORIDA, AVIATION REVENUE BONDS, IN MULTIPLE SERIES, PURSUANT TO SECTIONS 210 AND 211 OF AMENDED AND RESTATED TRUST AGREEMENT DATED AS OF DECEMBER 15, 2002 BY AND AMONG MIAMI-DADE COUNTY, FLORIDA AND JPMORGAN CHASE BANK, AS TRUSTEE, AND WACHOVIA BANK, NATIONAL ASSOCIATION, AS CO-TRUSTEE, AND IN PART PURSUANT TO ORDINANCE NO. 95-38, ORDINANCE NO. 96-31 AND ORDINANCE NO. 97-207, IN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$400,000,000, FOR PURPOSES OF REFINANCING CERTAIN MIAMI-DADE COUNTY, FLORIDA AVIATION COMMERCIAL PAPER NOTES ISSUED TO FINANCE IMPROVEMENTS TO PORT AUTHORITY PROPERTIES, FINANCING CERTAIN ADDITIONAL IMPROVEMENTS TO PORT AUTHORITY PROPERTIES, REFUNDING AND REDEEMING DADE COUNTY, FLORIDA AVIATION REVENUE REFUNDING BONDS (SERIES Y), FUNDING RESERVE ACCOUNT, PAYING CERTAIN COSTS OF ISSUANCE OF BONDS, INCLUDING PREMIUM FOR MUNICIPAL BOND INSURANCE AND RESERVE FACILITY, IF ANY, AND PAYING CAPITALIZED INTEREST, IF ANY, ON BONDS; APPROVING ISSUANCE OF BONDS AFTER PUBLIC HEARING AS REQUIRED BY SECTION 147(F) OF INTERNAL REVENUE CODE OF 1986, AS AMENDED; PROVIDING FOR DETERMINATION OF TAX STATUS, NUMBER OF SERIES, MATURITIES, REDEMPTION PROVISIONS, PRINCIPAL AMOUNTS AND OTHER DETAILS OF BONDS BY FINANCE DIRECTOR WITHIN CERTAIN LIMITATIONS AND RESTRICTIONS; AUTHORIZING BOOK-ENTRY REGISTRATION SYSTEM; AUTHORIZING NEGOTIATED SALE AND AWARD BY FINANCE DIRECTOR TO UNDERWRITERS SET FORTH IN BOND PURCHASE AGREEMENT; APPROVING FORM AND EXECUTION OF BOND PURCHASE AGREEMENT; PROVIDING CERTAIN INSTRUCTIONS TO TRUSTEE AND CO-TRUSTEE IN CONNECTION WITH APPLICATION OF BOND PROCEEDS; AUTHORIZING FINANCE DIRECTOR TO NEGOTIATE AND OBTAIN BOND INSURANCE AND/OR RESERVE FACILITY; APPROVING FORM AND DISTRIBUTION OF PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL STATEMENT AND DELIVERY OF OFFICIAL STATEMENT; PROVIDING TAX COVENANTS; PROVIDING FOR CONTINUING DISCLOSURE COMMITMENT; APPROVING REFUNDING AND REDEMPTION OF SERIES Y BONDS; APPROVING FORM AND EXECUTION OF ESCROW DEPOSIT AGREEMENT; AUTHORIZING APPOINTMENT OF VERIFICATION AGENT; AUTHORIZING OFFICERS OF COUNTY TO TAKE ALL NECESSARY ACTIONS IN CONNECTION WITH SALE AND DELIVERY OF BONDS AND OTHER RELATED MATTERS; AND PROVIDING CERTAIN OTHER DETAILS WITH RESPECT TO BONDS*

Finance Department

**I. SUMMARY**

This resolution authorizes issuance of not to exceed \$400,000,000 of Miami-Dade County, Florida Aviation Revenue Bonds, Series 2004A ("Series 2004A Bonds") for the primary purposes of:

## **BUDGET & FINANCE ITEM 3(F)**

**February 12, 2004**

- (1) Refinancing all or a substantial portion of the outstanding Miami-Dade County, Florida Aviation Commercial Paper Notes, Series A and B (approx. \$275 million) issued to fund the cost of the design and construction of certain Port Authority Projects;
- (2) Financing all or a portion of "Additional Projects" (see Exhibit A attached).
- (3) Refunding (paying off) and redeeming outstanding Dade County, Florida Aviation Revenue Refunding Bonds (Series Y), of which approx. \$31.9 million is currently outstanding
- (4) paying certain costs of issuance of the Series 2004A Bonds

This resolution also delegates to the Finance Director and/or officers of the County the authority to take several actions necessary in connection with this issuance, including finalizing the terms and details of the Bonds, negotiating and obtaining municipal bond insurance, and using, executing and delivering the Bond Purchase Agreement. In addition, this resolution approves the Preliminary Official Statement (not attached in the item – see handwritten page 35).

### **II. PRESENT SITUATION**

The Port Authority Properties (defined as Miami International Airport, Opa-Locka Airport, Opa-Locka West Airport, Homestead Airport, Kendall-Tamiami Executive Airport, the Training and Transition Airport, and certain other projects to be financed under the Trust Agreement) capital improvement program is presently estimated at \$4.8 billion and includes an amount in excess of \$1.5 billion for the North Terminal expansion.

First Southwest Company and Fidelity Financial Services, L.C., financial advisors for the Aviation Department, has recommended to the County that a negotiated sale of the Series 2004A Bonds would be in the best interest of the County due to, among other reasons, the complexity and volatility of the credit markets and the airline industry's current overall financial condition.

### **III. POLICY CHANGE AND IMPLICATION**

None.

### **IV. ECONOMIC IMPACT**

The Series 2004A Bonds would be issued as fixed rate serial bonds, term bonds or capital appreciation bonds or a combination of the three with maturity dates not to exceed forty (40) years.

The principal of, interest on and redemption premium, if any, with respect to the Series 2004A Bonds and all other payments will be payable solely from Net Revenues from the Port Authority Properties. The payments will NOT constitute a debt of the County.

**BUDGET & FINANCE ITEM 3(F)**

**February 12, 2004**

**V. COMMENTS AND QUESTIONS**

None.

## EXHIBIT "A"

### ADDITIONAL PROJECTS

#### Terminal and Concourse Improvements

North Terminal: Construct Concourse A (complete). Reconfigure the terminal and concourses between Concourses A and D to create a 47-gate linear facility to support the international gateway operations of American Airlines and its partners. Includes utility infrastructure expansion.

South Terminal: Extend the existing terminal, construct new Concourse J, and modify existing Concourse H to make gates international-capable. Includes utility infrastructure expansion.

Central Terminal: Renovation to improve life safety and increase passenger circulation.

Other Terminal Projects: Major projects consist of: umbrella contract for relatively small, hard-to-anticipate projects; County expenses for commercial operations; outbound baggage shed; and terminal re-roofing.

**LEGISLATIVE ANALYSIS AND ECONOMIC IMPACT STATEMENT**

***RESOLUTION APPROVING THE FINANCE DEPARTMENT CREDIT AND COLLECTIONS SECTION PRODUCTIVITY AND REVENUE GENERATION PROGRAM AS OUTLINED IN THE ACCOMPANYING MEMORANDUM OF UNDERSTANDING***

Finance Department

**I. SUMMARY**

This resolution approves a Memorandum of Understanding (MOU) between Miami-Dade County and employees of the Finance Department's Credit and Collections Section. The MOU establishes guidelines for a gainsharing program that would award these employees when certain revenue targets are exceeded. The guidelines were developed based on standards of private sector collection operations.

An overview of the incentive structure is on handwritten page 14 of the item. In summary:

- Managers, Supervisors, Collectors, and Paralegal staff can receive a maximum individual annual bonus of \$4,800.
- Accounting Supervisors and System Analyst Programmers can receive a maximum individual annual bonus of \$3,600.
- Support staff can receive a maximum individual annual bonus of \$2,400.
- The monthly goal for Collectors is \$15,000 in revenues collected for the County, which generates approx. \$6,000 in fees for the Credit and Collections Section.<sup>1</sup>

**II. PRESENT SITUATION**

The Credit and Collections Section in the Finance Department provides collections services on debts owed to various County departments, including Jackson Memorial Hospital, Fire Rescue, Water and Sewer, Police Department, Solid Waste, Building Department, Aviation, Consumer Services and Park and Recreation.

In general terms, gainsharing is when productivity gains are shared with the workforce.<sup>2</sup> Gains are measured and distributions are frequently made through a predetermined formula. Because payments are only made when gains are achieved, gainsharing plans do not adversely affect operating costs.

The Office of Performance Management (now the Office of Strategic Business Management) surveyed private collection agencies to determine the guidelines for this program. The Efficiency and Competition Commission favorably endorsed the program at its October 31, 2003 meeting.

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<sup>1</sup> The Credit and Collection's Section charges customers (County departments, etc.) fees of approx. 30% - 50% of the amount collected. The Section is fully-funded with these fees.

<sup>2</sup> See [www.hr-guide.com](http://www.hr-guide.com)

## **BUDGET & FINANCE ITEM 3(G)**

**February 12, 2004**

### **III. POLICY CHANGE AND IMPLICATION**

Because this would be the first collections gainsharing program in County departments, the results will be carefully monitored. If successful, this MOU could potentially serve as a model for other collection operations in County departments (such as in Team Metro).

### **IV. ECONOMIC IMPACT**

The maximum payout if every employee maximized their incentive every month would be \$105,600. The Finance Department indicates that this is unlikely because the higher goals (\$23,000 in revenues is needed to receive the maximum annual incentive) are not easily achieved.<sup>3</sup> Finance is an enterprise fund that is fully funded by the revenues it generates. The incentive dollars are already included in the expense budget for next year.

### **V. COMMENTS AND QUESTIONS**

Private and public sector practice indicates that providing financial incentives for exceeding revenue targets:

- promotes effectiveness and efficiency
- recognizes employee participation and commitment
- improves the likelihood of meeting targeted performance levels.

Particularly in the collection sector, financial incentives are common.

Non-monetary awards can also be considered as a way to promote organizational effectiveness and improve performance. A study of private sector awards found that employers spent less money on non-monetary awards than cash awards. However, the survey also reported about the same level of performance improvement with cash and non-monetary awards and that the awards held approx. the same perceived value.<sup>4</sup> Some examples of non-monetary awards include gift certificates, savings bonds, plaques, briefcases, lapel pins, medals in presentation cases, etc.

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<sup>3</sup> According to statistics provided by the Credit and Collections Section for January 2004, 5 of 13 (approx. 35%) of collectors collected revenues of \$15,000 or more.

<sup>4</sup> United State's Office of Personnel Management – Workforce Performance Newsletter (June 1995)